



**MINUTES OF SPECIAL JOINT MEETING OF THE
CITY COUNCIL/REDEVELOPMENT AGENCY
OF THE CITY OF HAYWARD
City Council Chambers
777 B Street, Hayward, CA 94541
Tuesday, June 3, 2003, 8:00 p.m.**

MEETING

The Special Joint Meeting of the City Council/Redevelopment Agency was called to order by Mayor/Chair Cooper at 8:00 p.m., followed by the Pledge of Allegiance led by Council/RA Member Rodriquez.

ROLL CALL

Present: COUNCIL/RA MEMBERS Jimenez, Hilson,
Rodriquez, Ward, Dowling, Henson
MAYOR/CHAIR Cooper
Absent: None

PRESENTATION: Business Recognition Award

The Mayor presented the June Business Recognition Award to Hayward's ITT Technical Institute. ITT provides career-focused associate and bachelor degree programs in fields involving technology. In 1994, ITT opened its 20,000 square foot Hayward campus and currently has 25 employees. Student assistance is offered on job-seeking and job-keeping skills and techniques. In addition students are advised of entry-level job openings and interview opportunities within the Hayward area and surrounding communities. Barbara Bowerman, ITT Director of Finance, accepted the award and thanked the Council for this recognition on behalf of ITT Technology Institute Director Richard Flann.

PUBLIC COMMENTS

Brad Carson spoke on human rights, in particular, for an imprisoned American citizen in China.

Jason Moreno commented on the licensing of dogs and questioned compliance.

Barbara Swarr commented again on community preservation needs on her street. She also spoke on Park in-Lieu Fees that were exempted from certain redevelopment projects.

Jim Drake commented on community preservation needs of rentals on his street on Franklin and suggested reviewing San Jose's ordinance on this issue.

CONSENT

Consent item 3 was removed for further discussion.

1. Approval of Minutes of the Special Joint City Council/Redevelopment Agency Meeting of May 27, 2003

DRAFT

It was moved by Council/RA Member Henson, seconded by Council/RA Member Hilson, and unanimously carried to approve the minutes of the Special Joint City Council/Redevelopment Agency Meeting of May 27, 2003.

2. Authorization for the City Manager to Execute Memoranda of Understandings with the Alameda County Waste Management Authority For Receipt of Grant Funds

Staff report submitted by Deputy Director of Public Works/Utilities Ameri, dated June 3, 2003, was filed.

It was moved by Council Member Henson, seconded by Council Member Hilson, and unanimously carried to adopt the following:

Resolution 03-082, "Resolution Authorizing the City Manager to Execute Two Memoranda of Understanding with the Alameda County Waste Management Authority for the Two Incentives Projects"

3. Final Map Tract 7360 - Standard Pacific Corporation of California (Subdivider) - Approval of Final Map, Authorize the City Manager to Execute a Subdivision Agreement

Staff report submitted by Development Review Engineer Gaber, dated June 3, 2003, was filed.

Council Member Rodriquez asked whether issues related to the predator fence and the maintenance of ponds were resolved. City Manager Armas responded that litigation between certain parties will result in resolving the fence issue. In regards to the maintenance of ponds, next week the Council will have on its agenda the formation of assessment districts to provide revenue to make sure the ponds are properly maintained.

It was moved by Council Member Rodriquez, seconded by Council Member Hilson, and unanimously carried to adopt the following:

Resolution 03-083, "Resolution Approving the Final Map for Tract 7360 and Authorizing the City Manager to Execute a Subdivision Agreement"

HEARINGS

4. Consideration of Recommended Budget for Fiscal Year 2003-04 for the City of Hayward and Redevelopment Agency, the 2003-04 Master Fee Schedule, the 2003-04 Gann Appropriation Limit, and the 2003-04 Capital Improvement Program Budget
(Adoption Scheduled for June 17, 2003)

Staff reports submitted by City Manager Armas, Acting Finance and Internal Services Director Lewis and Auditor Guitonjones, dated June 3, 2003, was filed.



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City Manager/Executive Director Armas said the purpose was to receive testimony from the public as to the proposed budget. He noted the various expenditures and commented that \$96 million is devoted to the General Fund. As a result of the economy, revenues are less than expenditures. However, the budget is balanced with the aid of reserves. There are 18 general fund and one Redevelopment position being left open. He recommended to the Council that significant long-term changes occur. Staff will be exploring annexation of the Mt. Eden area as well as consideration of further planning near the South Hayward BART station. Staff is recommending \$7.5 million for street repair in the CIP budget. The City Manager thanked all of the Department heads, Acting Assistant City Manager Perry Carter, Acting Finance Director Diane Lewis, and Budget Analyst Denise Blohm for their efforts on preparing the budget proposal. He also thanked Public Works Director Dennis Butler, City Engineer Bob Bauman and Administrative Analyst Peggy Baker for their hard work on the Capital Improvement Budget.

Council/RA Member Jimenez asked whether the construction of new homes in the South of 92 and Blue Rock Country Club selling homes would bring in money in the form of a transfer tax.

City Manager/Executive Director Armas said they would engender income to a limited extent. However, the Blue Rock subdivision is still down the road and into the future.

Council/RA Member Henson asked about the State action and the effect on the City of Hayward.

City Manager/Executive Director Armas responded that sales tax revenue would affect the road revenues. He added that Redevelopment Funding would be affected by State actions.

Council/RA Member Henson commented that the public could be impacted by the frozen positions.

City Manager/Executive Director Armas commented that the safety areas would be fully staffed. He indicated that there might be delays in services. However, the basic delivery of services will be interrupted at a minimal level.

Council Member Hilson indicated that most of his questions have been answered, although he commented on page D-6 on the staff report related to airport rentals at cost per square feet. He indicated that 6 of the 7 match Hayward in profile and wondered why the cost is so far below the average. He suggested increasing the amount to adjust it closer to the average around the area.

City Manager/Executive Director Armas responded that as a reference point for the Council to consider, there are not that many cities in the Bay Area, which have airports. He reported that the survey is only done every couple of years. New and continued funding would not help the General Fund but remain in the airport's enterprise fund.

Council Member Ward maintained that public safety was important, as was the infrastructure of the City of Hayward. This budget allows us to continue to respond to the everyday needs of this community. He recommended looking at revenue generating projects and asked about the Mt. Eden objectives. He noted that the area is in the County Redevelopment Area.

City Manager/Executive Director Armas described the area as an eclectic collection of uses. There have been various efforts to address the infrastructure needs. He described the infrastructure needs, addressing the health and safety issues. Land use decisions would be up for discussion within the City Council. He commented that the water and sewer fees would have the most impact on residents. Water customers like the City of Hayward have also been given an increase from the San Francisco Hetch-Hetchy operations. As to the sewer, there will be substantial increases in expanding the facility so some increase is necessary as a result.

Council/RA Member Ward asked Acting Assistant City Manager Carter what the end of the year prognosis would be for the end of upcoming year, would the revenues go beyond forecasts.

Acting Assistant City Manager Carter said he was not as optimistic as he had been in the past.

Council Member Rodriquez expressed concerns regarding the Library. This particular library has been at the lowest level statewide. This puts more strain on the employees in spite of the gallant efforts of the Library staff and Friends of the Library.

City Manager/Executive Director Armas noted the increased hours at the Weekes Branch. This budget does not reduce the hours of operation, an important progress in light of the economic conditions. He added that the "Life Line Rates" would be studied and presented to Council.

Council/RA Member Jimenez noted that improvement of the water system would bring about favorable fire insurance rates.

Council/RA Member Henson commented on the sales tax revenue from the automobile sector. He noted that the only sector growing seems to be housing starts.

City Manager/Executive Director Armas noted that Hayward is not solely dependent on a single sector for sales tax, or reliant on a particular business sector as other cities seem to be. Hayward has a sixty percent consumer-based and forty percent business tax base. He commented on the housing market and that the interest rates are at an unprecedented low. The housing market is influenced by the unprecedented lower interest rates.

Council/RA Member Hilson referred to the second page of the staff report regarding his proposal for a two-tiered water rate. He asked about the projected cost in revenue and the conservation of water. He referred to the Housing Element and noted a concern of his that the Harder-Tennyson area seemed to fare as the worst in properties, with poorly maintained yards in the community due to lack of watering. He expressed his concern that the recommended rate structure could exacerbate this problem.

City Manager/Executive Director Armas commented on the proposed tiered rate structure. He noted that the majority of the customers consume less than 30 units of water.



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Council Member Ward commented on the article in the Daily Review regarding the City's on-going commitment to young people in the City of Hayward through social programs.

Mayor/Chair Cooper opened the public hearing at 9:06 p.m.

Bill Quirk spoke on behalf of the Library Commission, Friends of the Library, and as a resident. He emphasized the lack of increase in staff makes it difficult to maintain increased hours.

Barbara Swarr spoke in support of the Library and noted that it is a valuable resource to this community. She asked about whether the proposed Mt. Eden annex would be an added section under the Redevelopment Agency.

City Manager/Executive Director Armas said there was no direct answer regarding the Mt. Eden area annexation. It is not often that County islands are redevelopment areas, so the City would be exploring new issues and what is the best answer. The question is a critical one. The downtown focus centered realizing the improvements on the B and Foothill parcel to create the mixed use and retail and cinema, the fruition of the public improvements in the new cannery area, the proposed new school, a new park, and the study of the South Hayward Bart station.

Jason Moreno suggested a review of current business licenses.

Jerry Grace strongly opposed Governor Davis' State budget proposals.

Mayor Cooper closed the public hearing at 9:28 p.m.

Council discussion ensued related to the proposed site of the Emergency Operations Center. City Manager Armas stated that staff would return with a report.

Council/RA Member Ward, seconded by Council/RA Member Jimenez, offered a motion to direct staff to prepare the final documents for the recommended budget for fiscal year 2003-04 for the City of Hayward and Redevelopment Agency, the 2003-04 master fee schedule, the 2003-04, the Gann appropriation limit, and the 2003-04 Capital Improvement Program Budget. He indicated Council recommendations included in the report be supported, including the Youth in Government Day, future direction on the use of City Hall, as well as gang-related activities. He commended staff for the balanced budget.

Council Member Henson added the discussion of Centennial Hall as well as the Emergency Operations Center (EOC).

Council Member Hilson asked about the EOC and whether staff would bring back more information in this regard. He emphasized the discussion before spending the money. He suggested that Council should have spent more time in looking at ways to cut the budget this year so that cuts

next year might not be so draconian. He suggested minimizing the amount of over-time spent to only that which is emergency in nature as well as holding off somewhat on the BART station review. He also emphasized that the City should not be involved in contracting out or hiring temporary personnel to assist in any of the efforts. The belt tightening should start now.

City Manager/Executive Director Armas said there would be no movement on the EOC without a discussion with Council.

The motion passed unanimously.

5. Consideration of Inclusionary Housing Ordinance

Staff report submitted by Neighborhood and Economic Development Manager Bauman, dated June 3, 2003, was filed.

Neighborhood and Economic Development Manager Bauman made the staff presentation. She noted that housing costs have changed dramatically. State law requires affordable units. Adoption of the Inclusionary Housing Ordinance is part of the strategy to meet that requirement. There are methods to encourage developers to build these units. Staff has done thorough research on affordable housing in the area. The draft ordinance reflects this. A Housing Trust Fund would be established through the in-lieu fees to create housing that is permanently affordable. She added that a negative declaration has been proposed.

Council Member Jimenez asked about rental rate increases in the City of Hayward.

Neighborhood and Economic Development Manager Bauman explained that only people who are moving into new apartments gain the benefit of rental rate reductions.

He then asked about other non-profit housing developers.

Neighborhood and Economic Development Manager Bauman explained that Eden, Bridge and Mid-Peninsula Housing are the largest non-profit housing developers in the area.

Council Member Henson explained his concern regarding the higher numbers of cost for developers in the City of Hayward as opposed to that of other cities in the area. He wondered whether this might not affect the building in the City of Hayward. He then asked why this did not have a "Must Build" clause.

Neighborhood and Economic Development Manager Bauman said staff would really like to see building of affordable units within the City of Hayward and not in-lieu fees. It is difficult to reach the right number. She said many of these cities do not build the units. She explained that one of the reasons the cost was not based on per market unit is that it tends to limit large developments. She added that there might be times when it might make more sense to allow an in-lieu fee instead of a "Must Build." This allows for more flexibility.

City Manager Armas indicated that the Ordinance requires that the applicant request a waiver to the building and pay a fee. Requests will be considered on a case-by-case basis with the Council exercising its discretion.



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Council Member Henson wondered about the numbers. This is not intended to be retroactive for those who have a development agreement.

City Manager Armas stated that a development agreement already specifies contractually what is involved. A vesting tentative map also indicates what is involved as well. These are already in place so they do not have to be included in the Ordinance.

City Attorney O'Toole stated that a Development Agreement or a Vesting Tentative Map locks in all laws currently in effect at the time of execution.

Council Member Dowling asked why our fee is higher than other cities and why.

Neighborhood and Economic Development Manager explained that about half of the cities listed put the fee on the affordable unit and half are at the market rate. She noted that in looking at the sales prices in the City of Hayward reflect larger families needing more bedrooms in Hayward. This will provide the City with ability to help larger size families. Those cities with smaller inclusionary fees did not collect enough money to build any housing at all.

Council Member Dowling said he likes the idea of a mixed income-development. He also appreciated the fact that there is a preference for City residents and City workers in the Ordinance.

Council Member Ward supports the idea and the notion is not new to the Bay Area. His concern was the amount of the fee and how it will impact the cost of houses. He asked about informing a developer at the onset about the affordable units or the in-lieu fee.

City Manager Armas responded that what staff will advocate is to have an integrated development. The test is for the developer to make the case that there are unusual circumstances to recommend the payment of the fee instead of construction of the units. He suggested that by developing an inclusionary housing plan, a developer would take the time to look at the issues. Staff would make it clear as to the City of Hayward's goals in this regard.

Council Member Hilson expressed many of the same concerns as other members. He asked whether the rental units "Must Build" would be on-site or off-site. He commented on the segment of the disabled population not being served at this point. He thought these might be accommodated more easily with off-site development. He added that he would encourage staff to find more incentives for developers rather than such costly fees.

Neighborhood and Economic Development Manager Bauman explained that it would be on-site. However, nothing would prevent the developer of such a project from coming before Council and making such a proposal for an off-site project.

City Attorney O'Toole explained that there is a provision within the Ordinance to allow the City Council to wave the on-site build able requirement if they make certain findings.

Neighborhood and Economic Development Manager Bauman explained also that the requirements for affordability in many other cities are deeper than the City of Hayward's. She said staff does not expect any developer to build the same size detached house for someone who is of moderate income. There is a lot of flexibility. She noted that part of the incentive is having a high enough in-lieu fee so people choose not to opt out.

Council Member Jimenez asked about noticing for this hearing and whether developers had the opportunity to give their input.

Community and Economic Development Director Ehrenthal explained that staff had meetings with a group of developers before the Ordinance was put together. Distribution of the Hearing Notice was sent to between 35-50 development organizations. She added that staff had received no calls.

Mayor Cooper opened the public hearing at 10:14 p.m.

Art Kealy representing Congregations Organizing for Renewal (COR), said an equitable distribution of low and moderate housing units throughout the City of Hayward is necessary.

John Quinn, representing Community Resources for Independent Living (CRIL), noted that disabled consumers are extremely low income and urged consideration for them as well. He commented on a recent study of cities with Inclusionary Housing Ordinances.

Robert Sakai, attorney, expressed his concerns regarding notice of the meeting. There are a number of areas of uncertainty in what the developer is permitted to build. He was also concerned with the affect of the fees on future development.

Jason Moreno suggested that multi-family housing units be included in and be under the City's rent control ordinance. He said he did not understand the in-lieu fees proposal and asked staff for clarification.

Jerry Grace asked several questions related to relocation housing, group homes and housing for disabled.

Neighborhood and Economic Development Manager Bauman responded to his concerns.

Ed Bogue spoke about the fees and expressed concern that the buyers of the rest of the homes will end up paying the fees. He noted that the cost might be prohibitive to many of these owners. This fee does not directly translate into a benefit for these owners.

Mayor Cooper closed the public hearing at 10:30 p.m.

Mayor Cooper stated that this is an opportunity to level the playing field by providing decent housing for people in a mixed kind of setting. Since there is not much land left for building, she felt that setting the higher fees would encourage developers to build this housing as well. The City has a



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social conscience and an obligation to provide decent, clean, affordable housing for people who might be disabled or poor and just barely making it.

Council Member Jimenez used his Council Member prerogative to postpone this issue for one week in order to allow more public input into the process.

Council Member Dowling was going to make a motion, however, with Council Member Jimenez' Council Member prerogative superceding it, he simply stated that he agreed with Mayor Cooper. The Council has discussed this in theory and it has been initiated by other cities, but developers have paid in lieu fees and very little housing has been built, thus the need for higher fees. The City of Hayward is emphasizing that they do not want the money; they want the housing to be built. There is a great need for more affordable housing.

Council Member Hilson said he was sympathetic to low income needs, but in the present form of the Ordinance he has real problems with fees and trigger points. He would like to see this addressed further.

Council Member Henson said he supports the Inclusionary Housing Ordinance but also has reservations on the fees. He would prefer a longer period of time to give staff an opportunity to review the figures to reflect the needs. He felt that the small developers would need to be informed. He suggested that a longer period of time might be needed for staff to review the fees. He said a statement should be included in the Ordinance that previously executed agreements would be locked in and not necessarily affected by these costs.

Council Member Rodriquez agreed with the need for this Ordinance but explained that fees were also her concern. She also said she wanted to make sure the developers received their notices. She was passionate on this issue and expressed extreme concern towards the poor and those on fixed incomes. This Ordinance is not a solution, but a part of the solution.

City Manager Armas clarified that the amount of the fee will be established by resolution. If there is general agreement with the Ordinance it can be introduced and over the period of time prior to its effectiveness, it can be brought back.

Mayor Cooper asked whether Council Member Jimenez still wanted to pull the item. He stated he did.

COUNCIL REPORTS

There were no Council Reports.

DRAFT

ADJOURNMENT

Mayor Cooper adjourned the meeting at 10:45 p.m.

APPROVED:

Roberta Cooper, Mayor, City of Hayward
Chair, Redevelopment Agency

ATTEST:

Angelina Reyes, City Clerk, City of Hayward
Secretary, Redevelopment Agency